

Good Practice Guidelines

Participatory Approach to Core Area Development A Guide to Good Practice

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These Fact Sheets set the current urban scene for the specific topic each covers and suggest ways and means within that topic towards achieving sustainable mixed use core area development.

Stakeholder Analysis

Purpose

Assessment of the social and economic factors (influencing potential sites) in order to determine whether a mixed use solution is likely to succeed on a particular site.

Access to experienced and disinterested professional advice on mixed use development for the urban poor is at best inadequate and at worst non-existent. Under the circumstances, communities and other vulnerable stakeholders are often forced into unbalanced partnerships where their development interests are often marginalised. The listing and discussion of the main stages involved in any development which follows, implies the collection, analysis and understanding of much local data concerning the people, the organisations and the physical and financial matters concerned.

The way this is done, and by whom and the degree of disinterested use to which it is put will vary considerably from location to location. In some cases, the Local Government may take the lead; in others it may be an NGO or the community itself through a CBO or elected representative. Developers, large landowners or development authorities may be the initiators. Whichever the case, if an existing community is involved, it is the least likely to have the immediate access to experienced and disinterested professional advice. It is this weakness that should be addressed at an early stage.

Aim and Focus of the Stakeholder Analysis

The use of stakeholder analysis methodology can establish potential support for challenges to a mixed use scheme. It can also be used to gather social and economic data on different factors that may affect the success or failure of mixed use projects. The analysis is directed at those who are either already on the site, and are expected to take part in the scheme, or those who are expected to occupy the site. Where necessary both parties will need to be addressed. The focus of the analysis includes the existing power structures and interests, land use and tenure and the strength of community support.

Existing power structures and interests - This is an important precondition to action. There is an assumption that communities are homogeneous entities, which stand to gain or lose as a whole from changes in the status quo. This is not necessarily the case and it will be important to understand power structures in order to ensure that the benefits of action reach all, including the poor and disadvantaged. This will best be done by an NGO with knowledge and skills in the assessment of community structures and relationships, preferably using PRA methodologies¹.

Land use and tenure - The extent and nature of residential and business occupancy and tenure arrangements already on the site and in the immediate vicinity will need to be established in order to determine financial viability (see Fact Sheet 2).

Community support – The level of support from residential and commercial residents on the site and the immediate vicinity will need to be strong enough to agree basic principles. The use of a stakeholder analysis as set out in this Fact Sheet will help establish this strength.

At this stage it would be important and useful to hold a meeting of as many of the identified stakeholders as possible where the roles and responsibilities and possible partnership arrangements can be discussed and wherever possible agreed. The way this is organised and under whose auspices it would be held should be a high priority to emerge during the identification process.

Whether the mixed use development process is led by local government, the community or the private sector, once the usual preparatory work has been carried out, the initiating stakeholder will have identified the roles and responsibilities and interests of various stakeholders involved and observed their strengths and weaknesses. From these observations the initiating stakeholder will be able to make assessments on the kind of partnership that can be developed with each or all of the stakeholders (see Fact Sheet 9).

¹ PRA (Participatory Rural Appraisal) is a community-based method of collaborative decision-making, which enables the different stakeholders to work together to achieve context-appropriate programmes. Methods include interviewing, focus groups, mapping, modelling and the use of diagrams (seasonal and historical). PRA is appropriate in a variety of contexts, as well as rural. (Source: The World Bank Group (1996), 'The World Bank Participation Sourcebook')

Box 1.1: The Different Stakeholders - Karet Tengsin

In recent years the relative strengths and relationships between the different stakeholder groups in Jakarta have been closely linked to the prevailing political and economic climates. The collapse of the property markets in 1996 and the political sea change following the general election (and change in government) of 1998 dramatically changed the power and relationships between the different stakeholders.

In Karet Tengsin, the developer originally received planning permission in the mid 1980's and was in a strong position to buy out the existing community individually. Prior to the economic crisis of 1996, the developer had succeeded in assembling 30% of the total site area, the lower-value land adjacent to the river, prone to flooding. After the collapse in commercial property markets, the proposals became untenable, and the developer was unable to purchase further land, undertake development or recoup initial investments, a position of relative weakness.

Prior to the economic and political culture-shift, the National Government had been strong on theory, introducing policies to ensure mixed-income development, such as the 1:3:6 policy (requiring 6 low-income residential units and 3 middle-income residential units for each high-income residential unit built), but weak on the implementation of such measures. The local government (previously compliant with booming development, initiated and led by the private sector) became increasingly responsible for the control of development after decentralisation in 2000. This has prompted a re-thinking of strategy for development, with increasing community involvement, within both National and Local Government.

Prior to 1998, the local community lacked effective political representation and consequently community leadership, and were weak and divided, largely unable to resist aggressive development pressure upon their land. Subsequent political change introduced more effective community involvement in local government (with elected community leaders and a community forum) and encouraged the communities to become more active and involved in local development, consequently reinforcing their position as stakeholders.

Potential Constraints

A key outcome of the stakeholder analysis is to identify any possible constraints to the process, which would hinder involvement of any of the stakeholders or the implementation of appropriate development. The process is constrained if:

- Inter-stakeholder communication and cooperation is weak.

- The attitudes and levels of cooperation of the stakeholders (especially the landowners) are not positive. This is intensified if all of the land is controlled by a single (uncooperative) landowner.
- The development process is at an advanced stage before a participatory approach is introduced.
- There is no binding agreement within the process, which reduces the levels of certainty for the stakeholders.
- If the strength of community leadership or outside public interest support (by agencies such as NGO, Local Government or Development Authority) is weak.

Box 1. 2: Checklist for Stakeholder Analysis

For targeted areas already occupied by business and residential communities, a stakeholder analysis should identify the following:

- Existing and neighbouring residents and businesses interested in taking part in the scheme.
- Residents and businesses (either on or close to the site) opposed to the initiative and why.
- Income profiles of existing or potential residential and commercial residents to identify levels of affordability amongst target participants.
- Existing landowners and tenants on site.
- Community organisations representing special interests of those occupying the site and surrounding areas.
- Local employers and where people work both on site and nearby.
- Potential CBO/ NGO support networks in the vicinity and their capacity to assist communities in the development.
- Government and Authorities or Boards who have statutory interests in or over the site and its surroundings.
- Potential developers and financial investors.
- Elected and/or political representatives with a local interest.

Box 1.3: Who Are the Key Stakeholders?			
Main Actors	Strengths as a development partner	Weaknesses as a development partner	Examples (see Fact Sheet 7)
Community	<p>Local knowledge base</p> <p>If well organised, can reach an objective through unified commitment</p> <p>Political (voting) leverage</p>	<p>Technical capacity and understanding of mixed use development</p> <p>General skill levels</p> <p>Sustainable engagement</p> <p>Possible faction fighting between different interest groups</p> <p>Lack of money to afford time and resources to press their community as against individual interests</p>	<p>Land sharing (e.g. Thailand, Indonesia)</p>
Local planning authorities, public development agencies and other urban management bodies	<p>Legitimacy</p> <p>Develop policy and encourage development practice</p> <p>Legal obligation to serve constituency that often results in local authorities assuming a facilitating role between communities and landowners</p> <p>Ability to support the development of low -income housing through planning gain or cross subsidisation introduced either through legislation or negotiated arrangement</p>	<p>Under-resourced capacity effects ability to monitor, oversee or implement legislation</p> <p>Technical capacity and understanding of the true nature of mixed use development</p> <p>Bureaucracy (uncoordinated interdepartmental action/ responsibility)</p> <p>If weak, local authorities can be dominated by private sector or other vested interests</p>	<p>Land sharing (e.g. Thailand, Indonesia)</p> <p>Land readjustment (e.g. S Korea)</p> <p>Planning gain/ planning obligations (e.g. UK)</p> <p>Incentive zoning (e.g. India)</p> <p>Least cost planning (e.g. US)</p>
Developers/ landowners, financial institutions	<p>Technical and professional skills and knowledge</p> <p>Motivated by profit so operates efficiently in their own interest</p> <p>Legitimacy (owner of land)</p> <p>Provider of direct employment and training for urban poor in project</p> <p>Ability to assemble investment finance, viable economic return and assess self-interested practicability</p>	<p>Motivated by profit so will only engage if legally obliged or will reap financial benefits from offered incentives</p> <p>Will have their own agenda</p>	<p>Incentive zoning (e.g. India)</p> <p>Planning gain/planning obligations (e.g. UK)</p> <p>Least cost planning (e.g. US)</p>
NGOs/ consultants/ technical aid organisations	<p>Professional skills</p> <p>Exist to support public/community interest in development</p> <p>Source of funding for development and knowledge of similar projects internationally</p>	<p>Professional consultants are expensive</p> <p>Limited capacity and financial resources to support development unless able to secure additional finance</p> <p>Prescribe development that will receive funding</p>	<p>Land sharing (e.g. Thailand, Indonesia)</p>